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Liman accuses Reagan officials of using NSC to evade Congress

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Officials at the highest level of the Reagan administration made a "deliberate decision" to shift CIA functions to the National Security Council, evading Congress and spawning the Iran-Contra debacle, according to Senate attorney Arthur Liman.

In a secret memo sent by Mr. Liman and two assistants to leaders of the Senate investigating committee several weeks before the hearings began, they described an alleged CIA cover-up involving former agency Director William Casey.

The memo also claimed that the State Department was "told to keep its nose out of" covert Contra aid.

The document revealed that a major concern of staff members preparing for the hearings was to make the proceedings entertaining for a potential audience.

Mr. Liman promised the senators a "compelling" production, filled with "drama," and "first class not because of their staging, but their substance."

Under the theory set out in the memo, "The evidence indicates that it would be a mistake to treat the Iran arms transactions and Contra support program as two separate operations which happened to merge at a point in time."

"The evidence suggests that these two covert operations may have been manifestations of the same approach to foreign policy by members of an administration who had been blocked from pursuing their goals by Congress...."

The memo was undated, but in its opening paragraph Mr. Liman said it was written sometime after a March 4 meeting of the Senate Select Committee on the Iran-Contra affair.

Sources said the Senate staff changed its direction somewhat in the final weeks before the hearing started, but that the theory described by Mr. Liman in the memo still reflected the view of the chief counsel.

"They are still pretty much on beam with this; this is what they believe the hearings will show," said one staff member.

A spokesman for the committee refused comment yesterday. "We don't comment on internal memos," he said.

Mr. Liman suggested that the hearings start with a witness who could "testify to the deliberate decision to reassign the CIA's functions in Contra support to the NSC."

Among those who could do so, according to the memo, were Secretary of State George Shultz, Rear Adm. John Poindexter, former National Security Adviser Robert McFarlane and several high-ranking CIA officials.

Mr. McFarlane already has testified. He did not corroborate the theory that the administration covertly shifted CIA duties to the NSC.

But Mr. Liman was certain, at least in the time leading up to the hearings, that the theory would be proved during the witness parade. "After we establish that a policy decision was made at the highest levels to transfer responsibility for Contra support to the NSC post-Boland, we favor explaining how that decision was implemented," he wrote.

"This is the part of the story that reveals the whole secret government-within-a-government, operated from the (Old Executive Office Building) by a Lt. Col., with its own Army, Air Force, diplomatic agents, intelligence operatives and appropriations capacity," his memo said.

He wrote elsewhere in the memo, "Without skipping a beat, much of what was formerly done under CIA auspices was now done under the secret auspices of the NSC — while the administration repeatedly denied to Congress that it was doing anything of the kind."

Mr. Liman never explicitly identified the high-ranking officials who authorized the shift of duties from the CIA to the NSC. But he said the CIA station chief in Costa Rica, known as Tomas Castillo, was ordered to cover up his activities, apparently with the approval of the late Mr. Casey.

"[Mr. Castillo], we believe, was told not to file official reports — although we believe that Casey knew. The State Department was told to

keep its nose out of it, and so was the DIA [Defense Intelligence Agency]. Congress was given nothing but denials."

When the hearings started in early May, Mr. Liman had an immediate impact with his slashing, adversarial cross-examination of retired Air Force Maj. Gen. Richard Secord. On radio, television and in letters to newspapers, people expressed strong feelings about the attorney, either blasting his contentious style or applauding his tough questioning.

The 54-year-old New Yorker is a prominent Manhattan attorney whose clients have included John A. Zaccaro, the husband of former vice presidential candidate Geraldine Ferraro, fugitive financier Robert L. Vesco and corporate raider Carl C. Icahn. He headed a New York governor's investigation of the Attica prison riot and a New York mayor's probe into allegations of wrongdoing by the city's medical examiner.

Throughout the Iran-Contra memo, Mr. Liman promotes the hearings like an impresario. "The important point is to tell the story in a logical and compelling fashion," he wrote.

Mr. Liman conceded that some of the stories "are worn by now" but said hearings could be buttressed with such techniques as visual aids.

After noting that Lt. Col. Oliver North would have to be given immunity to testify, he said, "Col. North would be immunized, but not against the rigorous cross-examination he would have to undergo by the senators in full view of the American people."

Mr. Liman wrote, "The Tower report is a tough act to follow. These hearings would be of the same quality and have even more significance — for the drama here is in the story itself."

The Iran-Contra hearings enter their third week tomorrow with Albert Hakim, a business partner of Gen. Secord, scheduled to testify.

Sources working for the committees said the summerlong hearings are expected to cost \$6 million.